

Onondaga County Industrial Development Agency
Regular Meeting Minutes
February 11, 2010

The regular meeting of the Onondaga County Industrial Development Agency was held on Thursday, February 11, 2010 at the Eastside Business Center, 1201 East Fayette Street, Syracuse, New York.

Chairperson Karen Kitney called the meeting to order at 8:02 a.m. with the following:

PRESENT:

Karen Kitney
David Knapp
Dale Sweetland
Donna DeSiato

DELAYED:

Russell Andrews

ABSENT:

Robert Baldwin
William Towsley

ALSO PRESENT:

Mary Beth Primo, Executive Director, Agency
Carolyn May, Sr. Economic Development Specialist, Office of Economic Development
Kim Hall, Management Analyst, Office of Economic Development
Deanna Hornyak, Administrative Intern, Office of Economic Development
Karen Doster, Recording Secretary, Agency
Mark Arbon, Agency Counsel, Gilberti Law Firm
James Austin, Empire Tissue Company
Peter Grevelding, O'Brien & Gere
Tom Kogut, O'Brien & Gere
Mary Lou Walsh, Political Risk Services
Paula Deckman, Political Risk Services
Peggy Adams, GSBDC
Tim Butz, Presentation Concepts Corporation
Syd Tenenbaum, Empire State Container
Lyndsay Wickman, WISE
Mary Thompson, FOCUS
Marny Neshier, FOCUS
Josh Heintz, Gilberti Law Firm
Anthony Rivizzigno, Gilberti Law Firm

APPROVAL OF REGULAR MEETING MINUTES – JANUARY 14, 2010

Upon a motion by Dale Sweetland, seconded by David Knapp, the OCIDA Board approved the minutes of January 14, 2010 regular meeting. Motion was carried.

TREASURER'S REPORT

Kim Hall gave a brief review of the OCIDA investments and accounts for the month of January 2010.

Upon a motion by Donna DeSiato, seconded by David Knapp, the OCIDA Board approved the Treasurer's Report for the month of January 2010. Motion was carried.

PAYMENT OF BILLS – SCHEDULE # 329

Kim Hall gave a brief review of the Payment of Bills, Schedule #329.

(Russell Andrews arrived at meeting.)

Dale Sweetland asked if payment was spent for feasibility studies for an out-of-town company who was interested in locating in Onondaga County. Mary Beth Primo stated that the expenditure was authorized but the money was not spent.

Dale Sweetland asked if expenses on the Payment of Bills have been paid. Kim Hall stated not yet.

Upon a motion by David Knapp, seconded by Dale Sweetland, the OCIDA Board approved the Payment of Bills Schedule #329 with General Expenses being \$207,425.02, Marketing Expenses being \$1,967.00 and PILOT payments to Town of Camillus for \$36,064.88, Town of Cicero for \$58,040.91, Town of Clay for \$55,347.80, Town of DeWitt for \$74,362.85, Town of Elbridge for \$47,055.77, Town of Geddes for \$15,843.82, Town of Lysander for \$48,649.98, Town of Manlius for \$130,302.08, Town of Onondaga for \$5.27, Town of Salina for \$61,281.06, \$27,307.34, Village of Solvay for \$60,076.69, Baldwinsville Schools for \$592,854.37, Central Square Schools for \$42,827.19, East Syracuse Minoa Schools for \$196,312.69, Jamesville DeWitt Schools for \$169.09, Jordan Elbridge Schools for \$206,088.38, Liverpool Schools for

\$697,302.50, Lyncourt Schools for \$226,998.69, North Syracuse Schools for \$428,715.40, Skaneateles Schools for \$125,426.13, Solway Schools for \$157,673.52, West Genesee Schools for \$107,087.55, Onondaga County for \$778,146.91 and City of Syracuse for \$2,621.60. Motion was carried.

CONFLICT OF INTEREST STATEMENTS

Mark Arbon stated that it is a requirement under the IDA law that a person with an interest in a contract would have a prohibited conflict of interest and the IDA could not undertake the project and if the Agency did undertake the project, it would be subject to being voided. He stated that when the Agency closes a transaction, the Executive Director signs a statement that states no member has a conflict of interest. He stated that historically we relied on members to say that they had a conflict or potential conflict. He stated that in reviewing the IDA procedures, it was decided that the Agency should have something in writing where the members actually sign off that they have no conflict of interest.

Karen Kitney stated that the way staff is proposing to do this is to have one document per meeting which will be appended to the minutes as well as put in case files that the Board will sign unless there is an issue.

David Knapp asked if the one form will cover all the cases for that meeting. Kim Hall stated yes and that the projects will be listed at the top of the form.

Dale Sweetland asked what happens if there is a conflict. Mark Arbon stated that if it is a prohibited conflict then either the Agency can not undertake the project or the member would have to resign.

Dale Sweetland asked what prohibited conflict means. Mark Arbon stated that prohibited conflict means that the member had an interest in the project. He stated that if a member was a shareholder greater than 5% of a company that had a project before the Agency, then the board

member would have to resign. He stated that if the board member did not resign the penalty would be that the contract between the IDA and the company would be voided.

Russell Andrews asked if the board member could leave the room. Mark Arbon stated no. He stated that there are two levels of conflict. He stated that there is prohibited conflict and appearance of a conflict where the member would abstain.

Dale Sweetland asked if there is some place on the application that lists every company that a company is doing business with and they have to know that up front when they make application to the Agency. Carolyn May stated that there is a conflict statement on the application. Mark Arbon stated that there is a general statement of conflict in the application.

EMPIRE TISSUE – PROJECT REVIEW

The company was represented by Jim Austin, President and Peter Grevelding, O'Brien & Gere. Empire Tissue Company, LLC will produce recycled tissue, towel and napkin paper "parent rolls" for the way-from-home industrial tissue market. The product will be the regional feedstock required by converters processing these rolls further into industrial, commercial, and retail products. The proposed facility will have a rated capacity of 75,000 tons per year. The company is considering the construction and operation of a 168,000 square foot recycled tissue paper manufacturing facility on a 60-acre, industrial zoned, Brownfield site located in the Village of Solvay, Town of Geddes, NY. . The project is approximately \$167,000,000. Estimated number of employees after three years is 82.

James Austin and Peter Grevelding gave a brief review of the company, the Brownfield location issues and the requests they are making of the Agency.

James Austin stated that they have submitted a waiver regarding local labor. He stated that the spirit of their intent is to utilize as much local labor construction skill as they can. He stated that this company will follow a pattern very similar to Solvay Paperboard who worked very well with local labor to build that plant and it is their intent to do the same. He stated that the issue is that they are dealing with very specific technical equipment that not everyone in Central New York

would know how to install. He stated that they submitted the waiver and as they finalize the construction and installation contracts, they needed a little bit of wiggle room to bring in a specific crew to deal with the specific installation of part of the plant. He stated that they couldn't be locked out of not using local labor and that is the purpose of the waiver. He stated that they felt they had to submit to protect ultimate liability to construct the plant.

Donna DeSiato stated that this is a very exciting project and asked what kind of educational background or credentials will the 82 employees need and will it come from local work force. James Austin stated that they have identified four people to date that will come in as the core to run the company. He stated that there will probably be three more individuals on the maintenance side who are very skilled specific to actually preparing the plant. He stated that they will hire and train everyone else locally. He stated that he has met with Neil Murphy at the University and talked about the Coop program.

Dale Sweetland asked who is going to own the property. James Austin stated that Empire Tissue has a sales agreement and will be buying the property.

David Knapp stated that the spirit of the waiver was to use local labor but for the very specific technical areas. James Austin stated that the intent is to use local labor as much as possible and they will do that. He stated that they can not run the risk of the bonds being kicked back.

Mary Beth Primo stated that the Agency waiver requires a written request from the applicant submitted to board that explains the need for the waiver and verifies the need for the waiver. Mark Arbon stated that if the Board finds that it is true then a resolution can be adopted.

Upon a motion by Dale Sweetland, seconded by David Knapp, the OCIDA Board approved a resolution describing the proposed Empire Tissue project and the financial assistance the Agency may provide for the project. Motion was carried.

Upon a motion by David Knapp, seconded by Russell Andrews, the OCIDA Board approved a resolution authorizing the public hearing notice to be held on TBD in the Village of Solvay, Village Hall. Motion was carried.

Upon a motion by Dale Sweetland, seconded by David Knapp, the OCIDA Board approved a resolution granting a waiver to the local access agreement for specialized skills not available locally and for financing requirements. Motion was carried.

POLITICAL RISK SERVICES – REQUEST FOR AGENCY PARTICIPATION IN A QUASI EQUITY LOAN

The Company was represented by Mary Lou Walsh, President and Paula Deckman, Corporate Counsel. Political Risk Services is an independent worldwide risk assessment and political forecast firm that was developed by Professors William D. Coplin and Michael K. O’Leary. located in the Town of DeWitt. The Company is being acquired and the new owner, Chris McKee, is seeking a \$237,000 Quasi Equity Loan from the Agency and its program partners: the Greater Syracuse Business Development Corporation and the Central New York Economic Development Corporation. The Agency share of the loan will be \$79,000. Political Risk Services publishes books, internet website access and newsletters for financial risk reporting.

Dale Sweetland asked if the formula changes periodically. Mary Lou Walsh stated that there are two models and the Political Risk Services model has stayed closer to the original than the ICRG model. She stated that there is tweaking going on and a lot of tweaking went on when information became more widely available with the internet. She stated that they are not a news company; they analyze the news and say how it is going to affect you over the next five years.

Dale Sweetland asked if it is subscription based. Mary Lou Walsh stated that it is primarily subscription based but they also do consulting work as well. She stated that they are a publishing company that publishes risk information.

Dale Sweetland asked if the other partners have agreed to this yet. Peggy Adams stated that the GSBDC Board recommended approval a couple weeks ago. She stated that the CNYRPDB are meeting on February 17.

Peggy Adams explained that the Quasi Equity loans are structured with an interest only period to give a company an opportunity to ramp up their business plan. She stated that there will be six months of interest only and then goes to principal payment plus interest over the term of the loan and in this case it is five years.

Donna DeSiato asked if the employees generally drawn from Syracuse University or global. Mary Lou Walsh stated that they constantly get their interns from Syracuse University. She stated that Bill Coplin recommends people to them all the time.

Dale Sweetland asked what the interest rate is. Peggy Adams stated that it is 4.5%.

Upon a motion by Donna DeSiato, seconded by Dale Sweetland, the OCIDA Board approved a resolution approving the allocation of \$79,000 to be used as the Agency share in the \$237,000 Quasi Equity Loan agreement with Political Risk Services. Motion was carried.

PRESENTATION CONCEPTS CORPORATION (PCC) – REQUEST FOR AN EMPLOYEE PRODUCTIVITY PROGRAM GRANT

The Company was represented by Tim Butz, President. Presentation Concepts Corporation is a multimedia service company providing audiovisual technology, equipment, systems and solutions to business , education, government, the military, healthcare, retail environments, houses of worship, sports and entertainment, hospitality, restaurants and museums. Operating as a full service AV dealer/integrator with complete systems integrations and IT support services. The Company is requesting \$2,475 to fund the training of seven employees in advanced systems integration and installation.

Tim Butz explained the training will continue over the course of a year and this is for advanced skill development and to help employees advance in their careers because they have to achieve different levels of the certification.

Mark Arbon stated that the Gilberti Stinziano Heintz & Smith Law Firm represented Tim Butz in his acquisition of the company, Presentation Concepts Corporation.

Upon a motion by Dale Sweetland, seconded by Donna DeSiato, the OCIDA Board approved a resolution accepting an application to the Employee Productivity Program from Presentation Concepts Corporation for \$2,475 as part of an \$4853.00 program to provide training to seven employees in advanced systems integration and installation. Motion was carried.

EMPIRE STATE CONTAINER – REQUEST FOR AN EMPLOYEE PRODUCTIVITY GRANT

The Company was represented by Syd Tenenbaum, President. Empire State Container provides custom packaging designed and produced by the Empire State Container for customers located through the Northwestern United States and Canada. The Company is requesting up to \$11,000 to fund training to 45 employees in lean manufacturing concepts.

Upon a motion by Dale Sweetland, seconded by David Knapp, the OCIDA Board approved a resolution accepting an application to the Employee Productivity Program from Empire State Container for up to \$11,000 as part of an approximately \$23,000 program to provide training to 45 employees in lean manufacturing concepts. Motion was carried.

WISE – SPONSORSHIP REQUEST

Lindsey Wickham, Events Coordinator, gave a review of the request to the Agency for sponsorship to the WISE Symposium event in the amount of \$2,500.

Russell Andrews asked who the main sponsor is. Lindsey Wickham stated that Key Bank is the main sponsor at about \$25,000 a year. She stated that they try to keep the cost down for the people who actually attend the event which is much lower then it costs to put on the event.

Upon a motion by Donna DeSiato, seconded by David Knapp, the OCIDA Board approved a resolution for a grant of \$2,500 to WISE/Syracuse University School of Management for a sponsorship of the Annual WISE Conference. Motion was carried.

FOCUS – REQUEST TO SPONSOR ANNUAL COMMUNITY EVENT

Mary Thompson gave a review of the request to the Agency to sponsor FOCUS's Annual Community Event in the amount of \$2,500.

Dale Sweetland asked if they are just renaming the event or is this another event. Mary Thompson stated that this is only event they have done. She stated that they did the I LOVE Central New York for eight or nine years and then they got involved with Accelerate working with people at MACNY and TDO. She that it is FOCUS's annual fundraiser. She stated that it used to be a lunch and now it is a dinner.

Donna DeSiato stated that Chuckie Holstein clearly deserves this award. She stated that she wonders as we move toward celebrating and recognizing the importance of collaboration if at some point it would be the Wisdom Keepers Award. She stated that she believes it is a danger when we continue to perpetuate that it is a single leader/model when distributed leadership in organizations is actually ultimately what moves an organization forward.

Dale Sweetland asked how much money was raised in the past for the annual community event and how much does FOCUS expect to raise. Mary Thompson stated that when it was the I Love Central New York luncheon they raised between \$25,000 to \$35,000 per year. She stated that with Accelerate that amount went down substantially. She stated that last year they raised about \$40,000 which doesn't cover the entire year's costs but it has a little nest egg that will perpetuate the organization.

Upon a motion by David Knapp, seconded by Donna DeSiato, the OCIDA Board approved a resolution approved a grant of \$2,500 to FOCUS Greater Syracuse for the sponsorship of the Annual Event. Russell Andrews abstained. Motion was carried.

HONEYWELL (COUNTY LINE LLC) RECONVEYANCE

Karen Kitney asked Mark Arbon to explain the process and sequence of things the IDA does. Mark Arbon stated that this is a reconveyance of the project. He stated that the beginning of the project is when the company comes before the board and the Agency accepts the application. He stated that the next step is when the documentation is done that provides the financial assistance, sales tax exemption, mortgage tax exemption, bond financing and PILOT to the project. He stated that after the benefits are given to the project, the project is terminated and the Agency reconveys their interest in the project.

Upon a motion by David Knapp, seconded by Dale Sweetland, the OCIDA Board approved a resolution authorizing the reconveyance of the Honeywell (County Line LLC) project, located in the Town of Skaneateles undertaken as an Agency project in July 2001 and authorizing an officer of the Agency to sign the necessary documents. Motion was carried.

NIXON GEAR – RECONVEYANCE

Upon a motion by Russell Andrews, seconded by David Knapp, the OCIDA Board approved a resolution authorizing the reconveyance of the Nixon Gear project facility, located in the Village of Solvay undertaken as an Agency project in July 2001 and authorizing an officer of the Agency to sign the necessary documents. Motion was carried.

SYRACUSE EXECUTIVE AIR – RECONVEYANCE

Upon a motion by Dale Sweetland, seconded by David Knapp, the OCIDA Board approved a resolution authorizing the reconveyance of the Syracuse Executive Air project facility, located in the Town of DeWitt undertaken as an Agency project in August 2000 and authorizing an officer of the Agency to sign the necessary documents. Motion was carried.

PAUL DELIMA – RATIFICATION OF RECONVEYANCE

Upon a motion by Donna DeSiato, seconded by Dale Sweetland, the OCIDA Board approved a resolution ratifying the reconveyance of the Paul DeLima project facility, located in the Town of Clay undertaken as an Agency project in September 2005 and authorizing an officer of the Agency to sign the necessary documents. Motion was carried.

TESSY PLASTICS – PROJECT CLOSING

Upon a motion by David Knapp, seconded by Dale Sweetland, the OCIDA Board approved a resolution authorizing the signature by an office of the Agency of the documents necessary to enter into an installment sale agreement with Tessy Plastics for the project located in the Town of Elbridge. Motion was carried.

CROUSE HOSPITAL

Upon a motion by David Knapp, seconded by Donna DeSiato, the OCIDA Board approved a resolution authorizing various transactions which are required in order to complete the issuance of the substitute letters of credit by HSBC for the Crouse Hospital project. Motion was carried.

FINANCE COMMITTEE CHARTER

Mark Arbon stated that at the prior meeting the Board appointed members to the finance committee. He stated that the charter is consistent to the amendments to the PAAA that required the Agency to have a finance committee. He stated that we have done charters for the audit and governance committee and to be consistent with that, he has done a charter for the finance committee.

Upon a motion by David Knapp, seconded by Dale Sweetland, the OCIDA Board approved a resolution accepting the Finance Committee Charter. Motion was carried.

Mary Beth Primo stated that at the last meeting the Board discussed the Local Access Agreement when there was an issue with Allred which requested a waiver because it hired a company out of Seneca County for legitimate reason. She stated that the question came up about what other counties are doing. She stated that practically none of the counties within the local access region have any Local Access requirements or anything similar to OCIDA's policy.

Mary Beth Primo stated that the special meeting on February 2 was cancelled after Mosaic Federal Affairs withdrew its request for assistance.

Mary Beth Primo provided an update on a newly imposed IDA tax that was passed in last year's state budget. She stated that the amount of tax due is \$54,384 and is based on 4.727% of the Agency's 2007-2008 revenues as reported in PARIS. She stated that there is a lot of problems with this from the view of IDAs. She stated that it is suppose to be a tax based on the amount of work the Division of Budget actually provides to IDAs with the total tax on IDA's limited to \$5,000,000.

Mary Beth Primo stated that Mark Arbon is going to be leaving the Gilberti Law Firm and is going off on his own. He is going to be missed. She stated that there are two gentlemen present from the firm today but no one is sure what is going to happen as far as representation goes and will be worked out in the next couple weeks.

There was discussion on the replacement for Mark Arbon for Agency Counsel.

Upon a motion by Donna DeSiato, seconded by Dale Sweetland, the OCIDA Board adjourned the regular Agency meeting at 10:01 am. Motion was carried.

Mary Beth Primo, Executive Director